



Clean Energy Upgrade Financing Program

ABX1 14 Loan Loss Reserve Program

FACT SHEET

Background

ABX1 14 (Skinner, 2011) provides up to \$25 million for CAEATFA to administer the Clean Energy Upgrade Financing Program ("Program"). Under this Program, CAEATFA provides financial assistance in the form of a loan loss reserve to Participating Financial Institutions¹ ("PFIs") providing loans to finance the installation of energy efficiency improvements or distributed generation renewable energy sources on residential properties. The goal of the Program is to increase access to retrofit financing by reducing its cost, and to grow the number of green jobs in the state.²

Who can qualify for financial assistance?

ABX1 14 defines an applicant as a financial institution providing a loan for eligible property owners and improvements. CAEATFA defines "Financial Institution" in regulation as any insured depository institution, insured credit union, or community development financial institution, as those terms are each defined in Section 103 of 12 U.S.C. 4702; or a municipal utility district as described in Section 12850 of the Public Utilities Code.

Level of Financial Assistance

- CAEATFA provides an initial fifteen percent (15%) loan loss reserve contribution for each Qualified Loan enrolled in the Program, scaling the contribution back to ten percent (10%) when a PFI's enrolled loan volume reaches \$250,000.
- PFIs can claim 100% of a charged-off loan up to the enrolled principal amount.
- Qualified Loans are covered for a loss for up to ten (10) years.

¹ Capitalized terms are defined in the Program's statute and regulations.

² The ABX1 14 statute also authorizes CAEATFA to extend financial assistance for the installation of electric vehicle charging infrastructure and water efficiency improvements and to provide financial assistance for small commercial properties. CAEATFA may extend financial assistance for these purposes at a later time.

Eligible Property and Improvements

- Eligible Property must be a California residential property of three units or fewer.
- Eligible Improvements must be permanently affixed to real property. Improvements should:
 - Be recommended through a Pre-Project Assessment and designed to achieve at least ten percent (10%) total energy savings;
 - OR**
 - *If homeowner is participating in a California Public Utilities Commission (CPUC)-approved residential whole-house energy efficiency retrofit program, the Eligible Improvements may be selected in accordance with that program;*
 - OR**
 - Include distributed generation renewable energy sources, as long as the project meets the loading order requirement identified in the Program regulations.
- All improvements assisted through the Program must meet quality assurance standards, including contractor certification and energy assessment requirements that are consistent with other state and federal energy efficiency programs and policies.

Loan Recipients and Minimum Underwriting Criteria

ABX1 14 requires that:

- Loan recipients are the legal owners of the underlying property in California.
- Loan recipients are current on mortgage and property tax payments.
- Loan recipients are not in default or in bankruptcy proceedings.
- Loans are for less than ten percent (10%) of the value of the property.

Financial Institutions may establish additional underwriting criteria in addition to those described above.

How to Apply to Participate

Financial Institutions who meet the regulatory definitions provided above can apply to participate in the Program at any time. Applications will be reviewed on an ongoing basis. To access the application materials and Program regulations, and to review some Frequently Asked Questions about the Program, please visit the Program page on the CAEATFA website: http://treasurer.ca.gov/caeatfa/abx1_14.

For more information, contact CAEATFA.

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